



April 6, 2001

ENGROSSED SENATE BILL No. 176

DIGEST OF SB 176 (Updated April 3, 2001 2:24 PM - DI 73)

Citations Affected: IC 6-1.1; IC 6-3.5; IC 36-1; IC 36-7; noncode.

Synopsis: Local rainy day funds. Allows a political subdivision to establish a rainy day fund. Provides that a rainy day fund established by a political subdivision consists of the unused and unencumbered balance that is: (1) remaining in a fund consisting of amounts raised by a general or special tax levy on all the taxable property of the political subdivision; and (2) transferred by the political subdivision to the political subdivision's rainy day fund. Limits the amount that may be transferred to the rainy day fund to not more than 10% of the political subdivision's budget for that fiscal year. Provides a property tax deduction for certain real property that: (1) is located in an enterprise zone in Marion County; and (2) was allowed an obsolescence depreciation adjustment for property taxes assessed in the year before the owner purchased the property. Provides that the deduction is allowed only if the urban enterprise association for the enterprise zone in which the property is located approves the deduction. Provides that the deduction is equal to a specified percentage of the obsolescence
(Continued next page)

Effective: Upon passage; July 1, 2001; January 1, 2002.

**Kenley, Skillman, Riegsecker,
Broden**

(HOUSE SPONSORS — LYTLE, CHERRY)

January 8, 2001, read first time and referred to Committee on Governmental and Regulatory Affairs.

February 8, 2001, amended, reported favorably — Do Pass.

February 12, 2001, read second time, ordered engrossed. Engrossed.

February 13, 2001, read third time, passed. Yeas 48, nays 2.

HOUSE ACTION

February 26, 2001, read first time and referred to Committee on Ways and Means.

April 5, 2001, amended, reported — Do Pass.

ES 176—LS 7155/DI 92+



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depreciation adjustment that was allowed for property taxes assessed in the year before the owner purchased the property. Specifies that the deduction may be claimed for not more than four years. Authorizes Randolph County to impose an additional 0.25% county economic development income tax (CEDIT) rate for the purposes of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions. Provides that the additional rate may also be used for the repayment of bonds issued, or leases entered into, for those purposes. Provides that the county's CEDIT rate plus the county's county adjusted gross income tax (CAGIT) rate may not exceed 1.5% if the county has imposed the additional CEDIT rate authorized by this bill. Authorizes the county to adopt an ordinance that makes the CEDIT rate increase effective January 1, 2002. Permits a qualified taxing unit facing budgetary shortfalls because of a taxpayer's bankruptcy to apply for a loan from the rainy day fund. Permits a qualified school corporation facing budgetary shortfalls because of a taxpayer's bankruptcy to apply for a loan from the common school fund. Authorizes Evansville to use sales tax increment financing for certain purposes. Provides that notwithstanding any agreement entered into by the department of education and the Jay County School Corporation concerning the repayment of money that was advanced by the department to replace money intercepted by the treasurer of state in 2000, the school corporation is not required to make any repayments to the department until one year after the date the money was advanced. Specifies that beginning three years after the date the money was advanced, the outstanding balance of the amount advanced by the department of education to the school corporation shall be repaid at an interest rate of 5% simple interest per year not later than 10 years after the date the money was advanced. Provides that these same provisions apply to North Miami Community Schools if money otherwise due to that school corporation is intercepted by the treasurer of state and if the department of education advances money to replace the money intercepted by the treasurer.

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April 6, 2001

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

ENGROSSED SENATE BILL No. 176

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12-40 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002]: **Sec. 40. (a) This section applies only to real**
4 **property that is located in an enterprise zone established in a**
5 **county containing a consolidated city.**

6 **(b) The owner of real property described in subsection (a) is**
7 **entitled to a deduction under this section if:**

8 **(1) an obsolescence depreciation adjustment for either**
9 **functional obsolescence or economic obsolescence was allowed**
10 **for the property for property taxes assessed in the year**
11 **preceding the year in which the owner purchased the**
12 **property;**

13 **(2) the property owner submits an application requesting the**
14 **deduction to the urban enterprise association established for**
15 **the enterprise zone in which the property is located; and**

16 **(3) the urban enterprise association approves the deduction.**
17 **(c) If an urban enterprise association approves a deduction**

ES 176—LS 7155/DI 92+



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under this section, it must notify the county auditor of the approval of the deduction.

(d) A deduction may be claimed under this section for not more than four (4) years. The amount of the deduction under this section equals:

(1) the amount of the obsolescence depreciation adjustment for either functional obsolescence or economic obsolescence that was allowed for the property for property taxes assessed in the year preceding the year in which the owner purchased the property; multiplied by

(2) the following percentages:

(A) One hundred percent (100%), for property taxes assessed in the year in which the owner purchased the property.

(B) Seventy-five percent (75%), for property taxes assessed in the year after the year in which the owner purchased the property.

(C) Fifty percent (50%), for property taxes assessed in the second year after the year in which the owner purchased the property.

(D) Twenty-five percent (25%), for property taxes assessed in the third year after the year in which the owner purchased the property.

SECTION 2. IC 6-1.1-21.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3. Before January 1, 1988, 2002, a qualified taxing unit may apply to the board for a loan from the counter-cyclical revenue and economic stabilization fund. The board may make a loan from the fund to the taxing unit if:

(1) a taxpayer with tangible property subject to taxation by the qualified taxing unit has filed a petition under the federal bankruptcy code;

(2) the taxpayer has defaulted on its property tax payments; and

(3) the qualified taxing unit has experienced **and will continue to experience** a significant revenue shortfall as a result of the default; and

(4) the qualified taxing unit is presented with unique fiscal challenges to finance the operations of its government due to the taxpayer's filing of a petition under the federal bankruptcy code.

SECTION 3. IC 6-1.1-21.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 4. The maximum amount that the board may loan to a qualified taxing unit under this



chapter is set forth in the following table:

| TYPE OF TAXING UNIT | MAXIMUM LOAN |
|--------------------------|--|
| City | \$ 1,800,000 5,500,000 |
| Sanitary District | \$ 600,000 1,900,000 |
| Library District | \$ 225,000 800,000 |
| School Corporation | \$2,200,000 8,000,000 |

SECTION 4. IC 6-1.1-21.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid ~~before January 1, 2000:~~ **not later than ten (10) years after the date on which the loan was made.**

(b) The loan shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19. The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 5. IC 6-1.1-21.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) ~~Except as specifically provided in subsection (c),~~ The receipt by the qualified taxing unit of ~~either the loan proceeds or any payment of delinquent tax owed by a taxpayer in bankruptcy, or both,~~ is not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. **The receipt by the qualified taxing unit of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first**



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1 due and payable during a particular calendar year for the purpose
 2 of calculating the levy excess under IC 6-1.1-18.5-17 and
 3 IC 6-1.1-19-1.7.

4 (b) The loan proceeds and any payment of delinquent tax may be
 5 expended by the qualified taxing unit only to pay debts of the qualified
 6 taxing unit that have been incurred pursuant to duly adopted
 7 appropriations approved by the state board of tax commissioners for
 8 operating expenses.

9 (c) In the event the sum of the receipts of the qualified taxing unit
 10 that are attributable to:

11 (1) the loan proceeds; and

12 (2) the payment of property taxes owed by a taxpayer in a
 13 bankruptcy proceeding initially filed in 1986 and payable in
 14 respect to the second installment of taxes due and payable in
 15 November 1986; and in respect to taxes due and payable in 1987;
 16 exceeds eleven million nine hundred thousand dollars (\$11,900,000);
 17 the excess as received during any calendar year or years shall be set
 18 aside and treated for the calendar year when received as a levy excess
 19 subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the
 20 payment of property taxes as provided in subdivision (2); the amount
 21 of property tax credit financially allowed under IC 6-1.1-21-5 in respect
 22 to such taxes is deemed to be a payment of such property taxes.

23 (d) (c) As used in this section, "delinquent tax" means any tax owed
 24 by a taxpayer in a bankruptcy proceeding initially filed in 1986 2000
 25 and that is not paid during the calendar year for which it was first due
 26 and payable.

27 SECTION 6. IC 6-1.1-21.6 IS ADDED TO THE INDIANA CODE
 28 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2001]:

30 **Chapter 21.6. Loans to Qualified School Corporations**

31 **Sec. 1. As used in this chapter, "board" refers to the state board**
 32 **of finance.**

33 **Sec. 2. As used in this chapter, "school corporation " refers to**
 34 **a school corporation located in a county having a population of**
 35 **more than seventy-five thousand (75,000) but less than**
 36 **seventy-eight thousand (78,000).**

37 **Sec. 3. Before January 1, 2002, a school corporation may apply**
 38 **to the board for a loan from the common school fund. The board**
 39 **shall make a loan from the fund to the school corporation if:**

40 (1) a taxpayer with tangible property subject to taxation by
 41 the school corporation has defaulted on its property tax
 42 payments;



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(2) the assessed value of the taxpayer's tangible property is at least nine percent (9%) of the assessed value of all tangible property subject to taxation by the school corporation;

(3) the school corporation has experienced and will continue to experience a significant revenue shortfall as a result of the default; and

(4) the school corporation is presented with unique fiscal challenges to finance its operations due to the taxpayer's filing of a petition under the federal bankruptcy code.

Sec. 4. The maximum amount that the board may loan to a school corporation under this chapter is five hundred thousand dollars (\$500,000).

Sec. 5. (a) The auditor of the county in which a school corporation is located shall remove from the tax duplicate the assessed value of a taxpayer that is described in section 3 of this chapter.

(b) For purposes of the application of IC 6-1.1 and IC 21-2 to a school corporation, "assessed value" means all tangible property subject to taxation by the school corporation after the removal of tangible property under subsection (a).

Sec. 6. The board and the school corporation shall enter into a written agreement governing the terms and conditions of the loan. The agreement shall contain the following terms and conditions:

(1) Beginning on the date that is one (1) year after the date the money was advanced, the school corporation shall begin repaying the outstanding balance of the loan. No interest shall accrue on the outstanding balance until the date that is three (3) years after the date the money was advanced.

(2) Beginning on the date that is three (3) years after the date the money was advanced, the school corporation shall pay an interest rate of five percent (5%) simple interest per year on the outstanding balance of the loan.

(3) The school corporation shall repay the loan not later than ten (10) years after the date on which the money was advanced.

Sec. 7. (a) The school corporation shall repay the loan from its property tax revenues that are subject to the levy limitations imposed by IC 6-1.1-19. The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the school corporation during the calendar year the installment is first due and payable.

(b) The obligation to repay the loan is not a basis for the school



corporation to obtain an excessive tax levy under IC 6-1.1-19.

(c) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

Sec. 8. The receipt by a school corporation of the loan proceeds is not considered to be part of the ad valorem property tax levy actually collected by the school corporation for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-19-1.7. The receipt by a school corporation of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the school corporation for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-19-1.7.

SECTION 7. IC 6-3.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), ~~and~~ (g), **and (j)**, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.



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(c) Except as provided in subsection (h), ~~or~~ (i), **or (j)**, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred twenty-nine thousand (129,000) but less than one hundred thirty thousand six hundred (130,600). In addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than thirty-seven thousand (37,000) but less than thirty-seven thousand eight hundred (37,800), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%), if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

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(i) For a county having a population of more than twelve thousand six hundred (12,600) but less than thirteen thousand (13,000), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) This subsection applies to a county having a population of more than twenty-seven thousand (27,000) but less than twenty-seven thousand three hundred (27,300). In addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

SECTION 8. IC 6-3.5-7-22.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 22.5. (a) This section applies to a county having a population of more than twenty-seven thousand (27,000) but less than twenty-seven thousand three hundred (27,300).**

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into, for constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions.



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(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions.

(e) The county treasurer shall establish a county courthouse revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county courthouse revenue fund before making a certified distribution under section 11 of this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

(1) may only be used for the purposes described in this section;

(2) may not be considered by the state board of tax commissioners in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and

(3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) A county described in subsection (a) possesses:

(1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and

(2) unique capital financing needs due to the imminent transfer from the governing board of the county hospital of facilities no longer needed for hospital purposes and the need to undertake immediate improvements in order to make those facilities suitable for use by the county for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions.

SECTION 9. IC 36-1-8-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) This section applies to all funds raised by a general or special tax levy on all the taxable property of a political subdivision.

(b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body



of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred otherwise:

(1) Funds of a county, to the general fund **or rainy day fund** of the county, **as provided in section 5.1 of this chapter.**

(2) Funds of a municipality, to the general fund **or rainy day fund** of the municipality, **as provided in section 5.1 of this chapter.**

(3) Funds of a township for redemption of poor relief obligations, to the poor relief fund of the township **or rainy day fund of the township, as provided in section 5.1 of this chapter.**

(4) Funds of any other political subdivision, to the general fund **or rainy day fund** of the political subdivision, **but as provided in section 5.1 of this chapter. However,** if the political subdivision is dissolved or does not have a general fund **or rainy day fund**, then to the general fund of each of the units located in the political subdivision in the same proportion that the assessed valuation of the unit bears to the total assessed valuation of the political subdivision.

(c) Whenever an unused and unencumbered balance remains in the civil township fund of a township and a current tax levy for the fund is not needed, the township fiscal body may order any part of the balance of that fund transferred to the debt service fund of the school corporation located in or partly in the township; but if more than one (1) school corporation is located in or partly in the township, then any sum transferred shall be transferred to the debt service fund of each of those school corporations in the same proportion that the part of the assessed valuation of the school corporation in the township bears to the total assessed valuation of the township.

SECTION 10. IC 36-1-8-5.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 5.1. (a) A political subdivision may establish a rainy day fund to receive transfers of unused and unencumbered funds under section 5 of this chapter.**

(b) The rainy day fund is subject to the same appropriation process as other funds that receive tax money. Before making an appropriation from the rainy day fund, the fiscal body shall make a finding that the proposed use of the rainy day fund is consistent with the intent of the fund.

(c) In any fiscal year, a political subdivision may transfer not more than ten percent (10%) of the political subdivision's total budget for that fiscal year to the rainy day fund.



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1 **(d) The state board of tax commissioners may not reduce the**
 2 **actual or maximum permissible levy of a political subdivision as a**
 3 **result of a balance in the rainy day fund of the political subdivision.**

4 SECTION 11. IC 36-7-26-1 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. This chapter applies
 6 to the following:

7 (1) A city having a population of more than seventy-five thousand
 8 (75,000) but less than ninety thousand (90,000).

9 **(2) A city having a population of more than one hundred**
 10 **twenty thousand (120,000) but less than one hundred fifty**
 11 **thousand (150,000).**

12 SECTION 12. IC 36-7-26-14 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. **(a)** Whenever a
 14 commission determines that the redevelopment and economic
 15 development of an area situated within the commission's jurisdiction
 16 may require the establishment of a district, the commission shall cause
 17 to be assembled data sufficient to make the determinations required
 18 under section 15 of this chapter, including the following:

19 (1) Maps and plats showing the boundaries of the proposed
 20 district.

21 (2) A complete list of street names and the range of street
 22 numbers of each street situated in the proposed district.

23 (3) A plan for the redevelopment and economic development of
 24 the proposed district. The plan must describe the local public
 25 improvements necessary or appropriate for the redevelopment or
 26 economic development.

27 **(b) For a city described in section 1(2) of this chapter, the**
 28 **proposed district may not contain any territory outside the**
 29 **boundaries of a redevelopment area established within the central**
 30 **business district of the city before 1985.**

31 SECTION 13. IC 36-7-26-23 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 23. (a) Before the first
 33 business day in October of each year, the board shall require the
 34 department to calculate the net increment for the preceding state fiscal
 35 year. The department shall transmit to the board a statement as to the
 36 net increment in sufficient time to permit the board to review the
 37 calculation and permit the transfers required by this section to be made
 38 on a timely basis.

39 (b) There is established a sales tax increment financing fund to be
 40 administered by the treasurer of state. The fund is comprised of two (2)
 41 accounts called the net increment account and the credit account.

42 (c) On the first business day in October of each year, that portion of

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the net increment calculated under subsection (a) that is needed:

(1) to pay debt service on the bonds issued under section 24 of this chapter or to pay lease rentals under section 24 of this chapter; and

(2) to establish and maintain a debt service reserve established by the commission or by a lessor that provides local public improvements to the commission;

shall be transferred to and deposited in the fund and credited to the net increment account. Money credited to the net increment account is pledged to the purposes described in subdivisions (1) and (2), subject to the other provisions of this chapter.

(d) On the first business day of October in each year, the remainder of:

(1) eighty percent (80%) of the gross increment; minus

(2) the amount credited to the net increment account on the same date;

shall be transferred and credited to the credit account.

(e) The remainder of:

(1) the gross increment; minus

(2) the amounts credited to the net increment account and the credit account;

shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(f) A city described in section 1(2) of this chapter may receive not more than fifty percent (50%) of the net increment each year. During the time a district exists in a city described in section 1(2) of this chapter, not more than a total of one million dollars (\$1,000,000) of net increment may be paid to the city described in section 1(2) of this chapter.

~~(f)~~ (g) The auditor of state shall disburse all money in the fund that is credited to the net increment account to the commission in equal semiannual installments on November 30 and May 31 of each year.

SECTION 14. IC 36-7-26-24 IS AMENDED TO READ AS FOLLOWS[EFFECTIVE JULY 1, 2001]: Sec. 24. (a) The commission may issue bonds, payable in whole or in part, from money distributed from the fund to the commission, to finance a local public improvement under IC 36-7-14-25.1 or may make lease rental payments for a local public improvement under IC 36-7-14-25.2 and IC 36-7-14-25.3. The term of any bonds issued under this section may not exceed twenty (20) years, nor may the term of any lease agreement entered into under this section exceed twenty (20) years. The commission shall transmit to the board a transcript of the proceedings with respect to the issuance of the



1 bonds or the execution and delivery of a lease agreement as
 2 contemplated by this section. The transcript must include a debt service
 3 or lease rental schedule setting forth all payments required in
 4 connection with the bonds or the lease rentals.

5 (b) On January 15 of each year, the commission shall remit to the
 6 treasurer of state the money disbursed from the fund that is credited to
 7 the net increment account that exceeds the amount needed to pay debt
 8 service or lease rentals and to establish and maintain a debt service
 9 reserve under this chapter in the prior year and before May 31 of that
 10 year. Amounts remitted under this subsection shall be deposited by the
 11 auditor of state as other gross retail and use taxes are deposited.

12 (c) **The commission in a city described in section 1(2) of this**
 13 **chapter may distribute money from the fund only for the following**
 14 **purposes:**

15 (1) **For:**

16 (A) **the acquisition, demolition, and renovation of**
 17 **property; and**

18 (B) **site preparation and financing;**
 19 **related to the development of housing in the district.**

20 (2) **For physical improvements or alterations of property that**
 21 **enhance the commercial viability of the district.**

22 SECTION 15. [EFFECTIVE UPON PASSAGE] (a) As used in this
 23 SECTION, "school corporation" refers to the Jay County School
 24 Corporation.

25 (b) **Notwithstanding any agreement entered into by the school**
 26 **corporation and the department of education concerning the**
 27 **repayment of money advanced to the school corporation to replace**
 28 **money deducted by the treasurer of state under IC 20-5-4-10 in**
 29 **2000, beginning on the date that is one (1) year after the date the**
 30 **money was advanced, the school corporation shall begin repaying**
 31 **the outstanding balance of the money advanced by the department**
 32 **of education. No interest accrues on the outstanding balance until**
 33 **the date that is three (3) years after the date the money was**
 34 **advanced. Beginning on the date that is three (3) years after the**
 35 **date the money was advanced, the school corporation shall pay an**
 36 **interest rate of five percent (5%) simple interest per year on the**
 37 **outstanding balance of the money advanced by the department of**
 38 **education. The school corporation shall repay the outstanding**
 39 **balance of the money advanced by the department of education not**
 40 **later than ten (10) years after the date on which the money was**
 41 **advanced.**

42 (c) **Notwithstanding any provision of this SECTION, if the**



1 school corporation successfully recovers money, through litigation
 2 or otherwise, from Southern School Buildings, Inc., or from any
 3 other party that transacted business with Southern School
 4 Buildings, Inc., the school corporation shall, not more than thirty
 5 (30) days after recovering the money, use the money recovered to
 6 repay the money advanced by the department.

7 (d) This SECTION expires July 1, 2012.

8 SECTION 16. [EFFECTIVE UPON PASSAGE] (a) As used in this
 9 SECTION, "school corporation" refers to the North Miami
 10 Community Schools.

11 (b) If money is deducted by the treasurer of state under
 12 IC 20-5-4-10 from amounts that were to be distributed to the
 13 school corporation and if the department of education advances
 14 money to the school corporation to replace the money deducted by
 15 the treasurer of state, then notwithstanding any agreement entered
 16 into by the school corporation and the department of education
 17 concerning the repayment of the money advanced to the school
 18 corporation, beginning on the date that is one (1) year after the
 19 date the money was advanced, the school corporation shall begin
 20 repaying the outstanding balance of the money advanced by the
 21 department of education. No interest accrues on the outstanding
 22 balance until the date that is three (3) years after the date the
 23 money was advanced. Beginning on the date that is three (3) years
 24 after the date the money was advanced, the school corporation
 25 shall pay an interest rate of five percent (5%) simple interest per
 26 year on the outstanding balance of the money advanced by the
 27 department of education. The school corporation shall repay the
 28 outstanding balance of the money advanced by the department of
 29 education not later than ten (10) years after the date on which the
 30 money was advanced.

31 (c) Notwithstanding any provision of this SECTION, if the
 32 school corporation successfully recovers money, through litigation
 33 or otherwise, from Center School Buildings, Inc., or from any
 34 other party that transacted business with Center School Buildings,
 35 Inc., the school corporation shall, not more than thirty (30) days
 36 after recovering the money, use the money recovered to repay the
 37 money advanced by the department.

38 (d) This SECTION expires July 1, 2012.

39 SECTION 17. [EFFECTIVE UPON PASSAGE] (a)
 40 Notwithstanding IC 6-3.5-7-5, as amended by this act, the county
 41 council of a county described in IC 6-3.5-7-5(j), as added by this
 42 act, may adopt an ordinance to increase the county's county

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1 economic development income tax rate after March 31, 2001.
 2 (b) Notwithstanding IC 6-3.5-7-5(e), as amended by this act, an
 3 ordinance adopted under this SECTION takes effect January 1,
 4 2002.
 5 (c) This SECTION expires January 2, 2002.
 6 SECTION 18. [EFFECTIVE JANUARY 1, 2002] IC 6-1.1-12-40,
 7 as added by this act, applies only to property taxes first due and
 8 payable after December 31, 2001.
 9 SECTION 19. An emergency is declared for this act.

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SENATE MOTION

Mr. President: I move that Senator Skillman be added as second author and Senator Riegsecker be added as coauthor of Senate Bill 176.

KENLEY

SENATE MOTION

Mr. President: I move that Senator Broden be added as coauthor of Senate Bill 176.

KENLEY

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COMMITTEE REPORT

Mr. President: The Senate Committee on Governmental and Regulatory Affairs, to which was referred Senate Bill No. 176, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 16, delete "." and insert "**or rainy day fund of the township, as provided in section 5.1 of this chapter.**".

Page 2, between line 27 and 28, begin a new paragraph and insert:

"(c) In any fiscal year, a political subdivision may transfer not more than ten percent (10%) of the political subdivision's total budget for that fiscal year to the rainy day fund."

Page 2, line 28, delete "(c)" and insert "**(d)**".

and when so amended that said bill do pass.

(Reference is to SB 176 as introduced.)

MERRITT, Chairperson

Committee Vote: Yeas 9, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 176, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-12-40 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: **Sec. 40. (a) This section applies only to real property that is located in an enterprise zone established in a county containing a consolidated city.**

(b) The owner of real property described in subsection (a) is entitled to a deduction under this section if:

- (1) an obsolescence depreciation adjustment for either functional obsolescence or economic obsolescence was allowed for the property for property taxes assessed in the year preceding the year in which the owner purchased the property;**
- (2) the property owner submits an application requesting the deduction to the urban enterprise association established for the enterprise zone in which the property is located; and**
- (3) the urban enterprise association approves the deduction.**

(c) If an urban enterprise association approves a deduction under this section, it must notify the county auditor of the approval of the deduction.

(d) A deduction may be claimed under this section for not more than four (4) years. The amount of the deduction under this section equals:

- (1) the amount of the obsolescence depreciation adjustment for either functional obsolescence or economic obsolescence that was allowed for the property for property taxes assessed in the year preceding the year in which the owner purchased the property; multiplied by**
- (2) the following percentages:**
 - (A) One hundred percent (100%), for property taxes assessed in the year in which the owner purchased the property.**
 - (B) Seventy-five percent (75%), for property taxes assessed in the year after the year in which the owner purchased the property.**
 - (C) Fifty percent (50%), for property taxes assessed in the**



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second year after the year in which the owner purchased the property.

(D) Twenty-five percent (25%), for property taxes assessed in the third year after the year in which the owner purchased the property.

SECTION 2. IC 6-1.1-21.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 3. Before January 1, ~~1988~~, **2002**, a qualified taxing unit may apply to the board for a loan from the counter-cyclical revenue and economic stabilization fund. The board may make a loan from the fund to the taxing unit if:

- (1) a taxpayer with tangible property subject to taxation by the qualified taxing unit has filed a petition under the federal bankruptcy code;
- (2) the taxpayer has defaulted on its property tax payments; **and**
- (3) the qualified taxing unit has experienced **and will continue to experience** a significant revenue shortfall as a result of the default; **and**
- (4) the qualified taxing unit is presented with unique fiscal challenges to finance the operations of its government due to the taxpayer's filing of a petition under the federal bankruptcy code.**

SECTION 3. IC 6-1.1-21.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 4. The maximum amount that the board may loan to a qualified taxing unit under this chapter is set forth in the following table:

| TYPE OF TAXING UNIT | MAXIMUM LOAN |
|--------------------------|--|
| City | \$ 1,800,000 5,500,000 |
| Sanitary District | \$ 600,000 1,900,000 |
| Library District | \$ 225,000 800,000 |
| School Corporation | \$2,200,000 8,000,000 |

SECTION 4. IC 6-1.1-21.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid ~~before January 1, 2000~~: **not later than ten (10) years after the date on which the loan was made.**

(b) The loan shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19. The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the qualified taxing unit during the calendar year the



installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 5. IC 6-1.1-21.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) ~~Except as specifically provided in subsection (c),~~ The receipt by the qualified taxing unit of ~~either the loan proceeds or any payment of delinquent tax owed by a taxpayer in bankruptcy, or both,~~ is not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. **The receipt by the qualified taxing unit of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7.**

(b) The loan proceeds and any payment of delinquent tax may be expended by the qualified taxing unit only to pay debts of the qualified taxing unit that have been incurred pursuant to duly adopted appropriations approved by the state board of tax commissioners for operating expenses.

~~(c) In the event the sum of the receipts of the qualified taxing unit that are attributable to:~~

- ~~(1) the loan proceeds; and~~
- ~~(2) the payment of property taxes owed by a taxpayer in a bankruptcy proceeding initially filed in 1986 and payable in respect to the second installment of taxes due and payable in November 1986; and in respect to taxes due and payable in 1987;~~ exceeds eleven million nine hundred thousand dollars (\$11,900,000); the excess as received during any calendar year or years shall be set aside and treated for the calendar year when received as a levy excess



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subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. In calculating the payment of property taxes as provided in subdivision (2), the amount of property tax credit financially allowed under IC 6-1.1-21-5 in respect to such taxes is deemed to be a payment of such property taxes.

(d) (c) As used in this section, "delinquent tax" means any tax owed by a taxpayer in a bankruptcy proceeding initially filed in 1986 2000 and that is not paid during the calendar year for which it was first due and payable.

SECTION 6. IC 6-1.1-21.6 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]:

Chapter 21.6. Loans to Qualified School Corporations

Sec. 1. As used in this chapter, "board" refers to the state board of finance.

Sec. 2. As used in this chapter, "school corporation " refers to a school corporation located in a county having a population of more than seventy-five thousand (75,000) but less than seventy-eight thousand (78,000).

Sec. 3. Before January 1, 2002, a school corporation may apply to the board for a loan from the common school fund. The board shall make a loan from the fund to the school corporation if:

- (1) a taxpayer with tangible property subject to taxation by the school corporation has defaulted on its property tax payments;
- (2) the assessed value of the taxpayer's tangible property is at least nine percent (9%) of the assessed value of all tangible property subject to taxation by the school corporation;
- (3) the school corporation has experienced and will continue to experience a significant revenue shortfall as a result of the default; and
- (4) the school corporation is presented with unique fiscal challenges to finance its operations due to the taxpayer's filing of a petition under the federal bankruptcy code.

Sec. 4. The maximum amount that the board may loan to a school corporation under this chapter is five hundred thousand dollars (\$500,000).

Sec. 5. (a) The auditor of the county in which a school corporation is located shall remove from the tax duplicate the assessed value of a taxpayer that is described in section 3 of this chapter.

(b) For purposes of the application of IC 6-1.1 and IC 21-2 to a school corporation, "assessed value" means all tangible property

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subject to taxation by the school corporation after the removal of tangible property under subsection (a).

Sec. 6. The board and the school corporation shall enter into a written agreement governing the terms and conditions of the loan. The agreement shall contain the following terms and conditions:

- (1) Beginning on the date that is one (1) year after the date the money was advanced, the school corporation shall begin repaying the outstanding balance of the loan. No interest shall accrue on the outstanding balance until the date that is three (3) years after the date the money was advanced.
- (2) Beginning on the date that is three (3) years after the date the money was advanced, the school corporation shall pay an interest rate of five percent (5%) simple interest per year on the outstanding balance of the loan.
- (3) The school corporation shall repay the loan not later than ten (10) years after the date on which the money was advanced.

Sec. 7. (a) The school corporation shall repay the loan from its property tax revenues that are subject to the levy limitations imposed by IC 6-1.1-19. The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the school corporation during the calendar year the installment is first due and payable.

(b) The obligation to repay the loan is not a basis for the school corporation to obtain an excessive tax levy under IC 6-1.1-19.

(c) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

Sec. 8. The receipt by a school corporation of the loan proceeds is not considered to be part of the ad valorem property tax levy actually collected by the school corporation for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-19-1.7. The receipt by a school corporation of any payment of delinquent tax owed by a taxpayer in bankruptcy is considered to be part of the ad valorem property tax levy actually collected by the school corporation for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-19-1.7.

SECTION 7. IC 6-3.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers.



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The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), ~~and~~ (g), ~~and~~ (j), the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), ~~or~~ (i), ~~or~~ (j), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.



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(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred twenty-nine thousand (129,000) but less than one hundred thirty thousand six hundred (130,600). In addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%);

if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than thirty-seven thousand (37,000) but less than thirty-seven thousand eight hundred (37,800), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%), if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than twelve thousand six hundred (12,600) but less than thirteen thousand (13,000), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) This subsection applies to a county having a population of more than twenty-seven thousand (27,000) but less than twenty-seven thousand three hundred (27,300). In addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

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if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

SECTION 8. IC 6-3.5-7-22.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 22.5. (a) This section applies to a county having a population of more than twenty-seven thousand (27,000) but less than twenty-seven thousand three hundred (27,300).

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into, for constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions.

(e) The county treasurer shall establish a county courthouse revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county courthouse revenue fund before making a certified distribution under section 11 of this chapter.

(f) County economic development income tax revenues derived

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from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section;
- (2) may not be considered by the state board of tax commissioners in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) A county described in subsection (a) possesses:

- (1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and
- (2) unique capital financing needs due to the imminent transfer from the governing board of the county hospital of facilities no longer needed for hospital purposes and the need to undertake immediate improvements in order to make those facilities suitable for use by the county for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions."

Page 2, after line 34, begin a new paragraph and insert:

"SECTION 10. IC 36-7-26-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 1. This chapter applies to the following:

- (1) A city having a population of more than seventy-five thousand (75,000) but less than ninety thousand (90,000).
- (2) A city having a population of more than one hundred twenty thousand (120,000) but less than one hundred fifty thousand (150,000).

SECTION 11. IC 36-7-26-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. (a) Whenever a commission determines that the redevelopment and economic development of an area situated within the commission's jurisdiction may require the establishment of a district, the commission shall cause to be assembled data sufficient to make the determinations required under section 15 of this chapter, including the following:

- (1) Maps and plats showing the boundaries of the proposed district.
- (2) A complete list of street names and the range of street numbers of each street situated in the proposed district.



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(3) A plan for the redevelopment and economic development of the proposed district. The plan must describe the local public improvements necessary or appropriate for the redevelopment or economic development.

(b) For a city described in section 1(2) of this chapter, the proposed district may not contain any territory outside the boundaries of a redevelopment area established within the central business district of the city before 1985.

SECTION 12. IC 36-7-26-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 23. (a) Before the first business day in October of each year, the board shall require the department to calculate the net increment for the preceding state fiscal year. The department shall transmit to the board a statement as to the net increment in sufficient time to permit the board to review the calculation and permit the transfers required by this section to be made on a timely basis.

(b) There is established a sales tax increment financing fund to be administered by the treasurer of state. The fund is comprised of two (2) accounts called the net increment account and the credit account.

(c) On the first business day in October of each year, that portion of the net increment calculated under subsection (a) that is needed:

(1) to pay debt service on the bonds issued under section 24 of this chapter or to pay lease rentals under section 24 of this chapter; and

(2) to establish and maintain a debt service reserve established by the commission or by a lessor that provides local public improvements to the commission;

shall be transferred to and deposited in the fund and credited to the net increment account. Money credited to the net increment account is pledged to the purposes described in subdivisions (1) and (2), subject to the other provisions of this chapter.

(d) On the first business day of October in each year, the remainder of:

(1) eighty percent (80%) of the gross increment; minus

(2) the amount credited to the net increment account on the same date;

shall be transferred and credited to the credit account.

(e) The remainder of:

(1) the gross increment; minus

(2) the amounts credited to the net increment account and the credit account;

shall be deposited by the auditor of state as other gross retail and use

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taxes are deposited.

(f) A city described in section 1(2) of this chapter may receive not more than fifty percent (50%) of the net increment each year. During the time a district exists in a city described in section 1(2) of this chapter, not more than a total of one million dollars (\$1,000,000) of net increment may be paid to the city described in section 1(2) of this chapter.

(f)(g) The auditor of state shall disburse all money in the fund that is credited to the net increment account to the commission in equal semiannual installments on November 30 and May 31 of each year.

SECTION 13. IC 36-7-26-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 24. (a) The commission may issue bonds, payable in whole or in part, from money distributed from the fund to the commission, to finance a local public improvement under IC 36-7-14-25.1 or may make lease rental payments for a local public improvement under IC 36-7-14-25.2 and IC 36-7-14-25.3. The term of any bonds issued under this section may not exceed twenty (20) years, nor may the term of any lease agreement entered into under this section exceed twenty (20) years. The commission shall transmit to the board a transcript of the proceedings with respect to the issuance of the bonds or the execution and delivery of a lease agreement as contemplated by this section. The transcript must include a debt service or lease rental schedule setting forth all payments required in connection with the bonds or the lease rentals.

(b) On January 15 of each year, the commission shall remit to the treasurer of state the money disbursed from the fund that is credited to the net increment account that exceeds the amount needed to pay debt service or lease rentals and to establish and maintain a debt service reserve under this chapter in the prior year and before May 31 of that year. Amounts remitted under this subsection shall be deposited by the auditor of state as other gross retail and use taxes are deposited.

(c) The commission in a city described in section 1(2) of this chapter may distribute money from the fund only for the following purposes:

(1) For:

(A) the acquisition, demolition, and renovation of property; and

**(B) site preparation and financing;
related to the development of housing in the district.**

(2) For physical improvements or alterations of property that enhance the commercial viability of the district.

SECTION 14. [EFFECTIVE UPON PASSAGE] (a) As used in this

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SECTION, "school corporation" refers to the Jay County School Corporation.

(b) Notwithstanding any agreement entered into by the school corporation and the department of education concerning the repayment of money advanced to the school corporation to replace money deducted by the treasurer of state under IC 20-5-4-10 in 2000, beginning on the date that is one (1) year after the date the money was advanced, the school corporation shall begin repaying the outstanding balance of the money advanced by the department of education. No interest accrues on the outstanding balance until the date that is three (3) years after the date the money was advanced. Beginning on the date that is three (3) years after the date the money was advanced, the school corporation shall pay an interest rate of five percent (5%) simple interest per year on the outstanding balance of the money advanced by the department of education. The school corporation shall repay the outstanding balance of the money advanced by the department of education not later than ten (10) years after the date on which the money was advanced.

(c) Notwithstanding any provision of this SECTION, if the school corporation successfully recovers money, through litigation or otherwise, from Southern School Buildings, Inc., or from any other party that transacted business with Southern School Buildings, Inc., the school corporation shall, not more than thirty (30) days after recovering the money, use the money recovered to repay the money advanced by the department.

(d) This SECTION expires July 1, 2012.

SECTION 15. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "school corporation" refers to the North Miami Community Schools.

(b) If money is deducted by the treasurer of state under IC 20-5-4-10 from amounts that were to be distributed to the school corporation and if the department of education advances money to the school corporation to replace the money deducted by the treasurer of state, then notwithstanding any agreement entered into by the school corporation and the department of education concerning the repayment of the money advanced to the school corporation, beginning on the date that is one (1) year after the date the money was advanced, the school corporation shall begin repaying the outstanding balance of the money advanced by the department of education. No interest accrues on the outstanding balance until the date that is three (3) years after the date the



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money was advanced. Beginning on the date that is three (3) years after the date the money was advanced, the school corporation shall pay an interest rate of five percent (5%) simple interest per year on the outstanding balance of the money advanced by the department of education. The school corporation shall repay the outstanding balance of the money advanced by the department of education not later than ten (10) years after the date on which the money was advanced.

(c) Notwithstanding any provision of this SECTION, if the school corporation successfully recovers money, through litigation or otherwise, from Center School Buildings, Inc., or from any other party that transacted business with Center School Buildings, Inc., the school corporation shall, not more than thirty (30) days after recovering the money, use the money recovered to repay the money advanced by the department.

(d) This SECTION expires July 1, 2012.

SECTION 16. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-7-5, as amended by this act, the county council of a county described in IC 6-3.5-7-5(j), as added by this act, may adopt an ordinance to increase the county's county economic development income tax rate after March 31, 2001.

(b) Notwithstanding IC 6-3.5-7-5(e), as amended by this act, an ordinance adopted under this SECTION takes effect January 1, 2002.

(c) This SECTION expires January 2, 2002.

SECTION 17. [EFFECTIVE JANUARY 1, 2002] IC 6-1.1-12-40, as added by this act, applies only to property taxes first due and payable after December 31, 2001.

SECTION 18. An emergency is declared for this act."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 176 as printed February 9, 2001.)

BAUER, Chair

Committee Vote: yeas 22, nays 1.



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